

## Testimony of Kenneth Cole, GCSI

### *Before The*

### Michigan House Local, Intergovernmental and Regional Affairs Committee

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Chairman Ouimet ... Vice Chairs Petallia and Stanley ... Distinguished members of the House Local, Intergovernmental and Regional Affairs Committee.

Good morning. My name is Kenneth Cole. I am a principal with the multi-client lobbying firm Governmental Consultant Services Incorporated, more commonly referred to as simply GCSI. ... I also am the City of Detroit's lead lobbyist at the Michigan Capitol.

On behalf of Detroit Mayor Dave Bing and the honorable Detroit City Council, thank you – *individually and collectively* – for hearing and, hopefully, passing House Bill 5296.

Sponsored by your capable colleague, Representative Shanelle Jackson – *for whose diligence on this important public policy matter the City of Detroit is most appreciative* – this legislation seeks to amend the Home Rule City Act (**Public Act 279 of 1909**) to do two things.

1. Reduce a population threshold in the law – from 750,000 to 600,000 – to allow the City of Detroit to continue accessing the bond market via passage of a resolution by its legislative body; *and*
2. Prescribe, retroactively, an earlier start date for legislation Governor Snyder signed into law in September that prohibits minimum-staffing requirements in city charters and / or ordinances henceforth.

Specifically, as it pertains to the first issue, this request is not for anything new. Rather, various statutes currently extend special consideration to Michigan cities with a population of 750,000 or more. Detroit – *while still far and away Michigan's largest city* – today has a population that is less than that: 713,777, according to the latest Census.

Because Mayor Bing and Council desire to maintain unique regard for the city in such public policy areas as municipal finance, transportation, liquor control and economic development, we have been working vigorously to amend numerous so-called Census statutes to reflect a new population threshold of 600,000.

Just so you know, Detroit still is the only Michigan municipality affected by the reduced headcount in this ... and forthcoming ... bill(s) to amend said statutes. For perspective, consider that Grand Rapids – the state's second largest city and another GCSI client – boast a population of 188,040.

House Bill 5296, in particular, is important to Detroit's risk management operations. In the nutshell, Detroit, like countless other jurisdictions, self-insures for property and casualty losses.

In previous years, it has used the bonding authority prescribed under the Home Rule City Act to issue self-insurance bonds. Said securities are limited-tax, general obligation pledges that are paid with city real property tax revenue.

According to the Detroit Budget Department, as of December 2011, roughly \$72 million remained to be paid on the last series of self-insurance bonds, which were issued in 2004.

I do not know the payment schedule on this outstanding obligation, nor do I know how much room Detroit has under its bond cap. I do know, however, that – *despite the liberties afforded the city under this section of the Home Rule City Act* – Detroit cannot have a net indebtedness in excess of 10 percent of the assessed value of all its real and personal property ... same as for all Michigan cities.

As for the second issue this bill seeks to address, it would make September 11, 2011, the effective date for a new law that prohibits minimum-staffing requirements in local charters and ordinances prospectively. The current effective date is September 14<sup>th</sup>. The City of Detroit supports this technical fix to the law.

This concludes my testimony. I ask that you vote *Yes* on House Bill 5296, report it to the floor today and, finally, make it a habit to something good about Detroit, recognizing that changing the national discourse and perception about the city is important to its revitalization. Thank you for your forbearance. I am happy to entertain questions.

### **Michigan's 20 Most Populous Cities**

1.	Detroit	713,777
2.	Grand Rapids	188,040
3.	Warren	134,056
4.	Sterling Heights	129,699
5.	Lansing	114,297
6.	Ann Arbor	113,934
7.	Flint	102,434
8.	Dearborn	98,153
9.	Livonia	96,942
10.	Westland	84,094
11.	Troy	80,980
12.	Farmington Hills	79,740
13.	Kalamazoo	74,262
14.	Wyoming	72,125
15.	Southfield	71,739
16.	Rochester Hills	70,995
17.	Taylor	63,131
18.	St. Clair Shores	59,715
19.	Pontiac	59,515
20.	Dearborn Heights	57,774

*Source: 2010 U.S. Census*

